



**STATE BOARD OF EDUCATION  
TRUSTEES OF BOISE STATE UNIVERSITY  
TRUSTEES OF IDAHO STATE UNIVERSITY  
TRUSTEES OF LEWIS-CLARK STATE COLLEGE  
BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO  
STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION  
TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND**

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**APPROVED MINUTES  
STATE BOARD OF EDUCATION  
SPECIAL TELECONFERENCE MEETING  
June 8, 2005  
Len B. Jordan Building, PTE Conference Room  
Boise, ID**

A special meeting of the State Board of Education was held June 8, 2005 by teleconference, originating from the PTE Conference in the Len B. Jordan Building, Boise, Idaho. President Rod Lewis presided.

Rod Lewis, President  
Paul Agidius

Laird Stone, Vice President  
Karen McGee

Milford Terrell, Secretary  
Sue Thilo

Board President Lewis opened the meeting at 10:12 a.m. with a roll call of participants. All members were present except Board member Blake Hall and Dr. Marilyn Howard.

**BUSINESS AFFAIRS & HUMAN RESOURCES**

**Section II – Business Affairs (Finance)**

**1. Amendment to Board Policy – Section V.E. – Gifts and Affiliated Foundations – First Reading**

Board member Terrell presented this item. Jeff Shinn of the Board Office provided background information. He explained that the discussion draft was presented in April. This is the first reading of the policy and the second reading is scheduled to take place at the June 16-17 Board meeting. The policy presented at this meeting has changes incorporated as a result of Board member input at the April meeting.

Laura Hubbard, University of Idaho, indicated that the draft policy looked good overall, but there are additional edits she will forward to the Board staff. She expressed concern about the foundation's executive director being a paid employee of the university and also about some provisions having to do with the control the SBOE would assert in regard to the Foundation. Board member Terrell asked to have those comments of the policy emailed to the Board members for review. Jeff Shinn explained that any and all comments on the policy need to be in

written form and sent to Gary Stivers at the Board Office to compile and distribute them to the Board members.

Board President Lewis indicated that the number of steps that the Foundation will need to take in order to have Board approval allows the Board to fulfill its fiduciary duty in regard to the Foundation. He agreed that it was important to make sure the Foundation does have independence and that the policy needs to be clear. Jeff Schrader, the Board's legal counsel said that Board staff will work with UI on the wording to clarify the language of the policy.

There was discussion about the memorandum that went to Board staff having to do with questions Board member Terrell had about the wording of the policy. Jeff Schrader indicated that the questions had been address. Board member Terrell asked if the Board has the right to look into parts of what the foundations do noting that the Board has been refused ability to receive anything from the UI Foundation.

Jeff Schrader noted that Section e.3.g is the portion of the policy requiring the Foundation to have audits performed. A copy of the report is to be submitted to the Board. Board member Terrell asked if the Board has the right to ask questions of the foundation. Jeff Schrader said that institution presidents have the right to ask questions, but he will need to check to see if the Board has that same right.

Board member Terrell noted that without that ability, it is impossible to really know what is happening, particularly having to do with athletics. He noted that the Board should have the right to be able to know where funds are coming from.

Jeff Schrader noted that Section f.3 permits institution presidents to inspect the books of the foundation. He pointed out that the Board's auditors have the ability to inspect, but the policy would need to be revised if it is to allow Board members to inspect the books.

Board President Lewis agreed that this is a valid challenge and supported the recommendation to include language that allows the Board to inspect the books. Board member Stone agreed as well.

Board member Terrell asked legal counsel to provide a document that has that provision included. It was so noted by Jeff Schrader.

In response to a question, Gary Stivers noted that this policy will apply to all the institutions and agencies with the exception of the Idaho Research Foundation. Each foundation will have a separate memorandum of understanding with the Board to allow for some flexibility. He underscored the fact that the memorandum will need to comply with the policy.

Mr. Stivers explained that this policy was presented at the April meeting with the understanding that it would effect all the institutions and agencies under the Board with the exception of the Research Foundation. He noted that until yesterday no comments had been receive from any other institution.

Kevin Satterlee and Stacy Pearson of Boise State University indicated that they were not aware that this policy would be moved through the reading process so quickly. Ms. Pearson expressed concern with the lack of time for BSU to receive comments back from their stakeholders, and the timing issue as far as the foundations changing organizational structures because of the financial burden it would create.

Ken Prolo of Idaho State University agreed with BSU, noting that ISU was unaware until Friday (June 3) that there would be a first reading of the policy prior to the June 16-17 Board meeting. He also agreed with the timing issues requiring foundations to comply this year when budgets have already set.

Mike Wilson, University of Idaho I Interim Foundation president, noted that the policy seemed too much like a one-size-fits-all policy in regards to the timing of implementation, the structure requirement, etc. He suggested having the process slowed down to give more time to all parties to respond and provide input.

Board member Terrell apologized for his misunderstanding of this particular policy, and for having given the institutions the impression that this policy was written with UI in mind. He agreed with Mr. Wilson that it would be good to slow down the process to give all the entities an opportunity to provide input. He suggested delaying the second reading.

Board President Lewis asked what needed to happen to allow the institutions more time. Gary Stivers explained that as long as the institutions understand that they can't have their proposed operating agreements approved until the policy is in place, it is not a problem to delay the second reading of the policy.

It was agreed by the institutions that the second reading won't take place until August. Gary Stivers urged the institutions to start working with their foundations and to get their comments turned in to the Board office right away so that there is time for analysis.

Board President Lewis cautioned the institutions not to carve up the policy in their collaborative efforts.

**M/S (Agidius/McGee): To approve the first reading of changes to Idaho State Board of Education Governing Policies and Procedures, Section V.E. –Gifts and Affiliated Foundations. *Motion carried unanimously.***

**M/S (McGee/Terrell): To adjourn at 11:00 a.m. *Motion carried unanimously.***